

VZCZCXRO1673  
RR RUEHDE  
DE RUEHGB #3897 3341212  
ZNY CCCCC ZZH  
R 301212Z NOV 07  
FM AMEMBASSY BAGHDAD  
TO RUEHC/SECSTATE WASHDC 4584  
INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L BAGHDAD 003897

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E.O. 12958: DECL: 11/29/2017  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [IZ](#)  
SUBJECT: COR ECON COMMITTEE CHAIR ELUCIDATES KURDISH BUDGET  
REVISIONS

REF: A. BAGHDAD 3894  
[1](#)B. BAGHDAD 3841

Classified By: Economic Minister Charles P. Ries for reasons 1.4 (b/d)

[1](#)1. (C) Begin Summary: During a 29 November meeting, Dr. Haider al-Abadi (Dawa, Shia), Chair of the Economic Committee in the Council of Representatives (CoR), clarified the changes the Kurds made to the Council of Ministers (CoM) approved draft budget for 2008. According to al-Abadi, the Kurds wanted two changes: 1) the draft budget states that Kurdish Peshmerga should be funded by the GOI Ministry of Defense for 2008 only -- the Kurds amended the wording such that the Peshmerga would be funded centrally for 2007 as well; 2) the budget states that following an audit by the federal Board of Supreme Audit, the Kurdistan Regional Government (KRG) should remit the revenue owed by the KRG to the federal government for the years 2004-2007 -- the Kurds sought to reduce the years to 2007 only. Notwithstanding the Kurds, al-Abadi claimed that none of the political factions had any major concerns about the budget bill. He confirmed that the CoR awaits an official response from the CoM before action on the budget may resume. End Summary.

[1](#)2. (C) Following a prolonged session in the CoR 29 November, Dr. Haider al-Abadi provided Econoff an update on the budget deliberations. He confirmed that the Kurds were at fault, complaining that many Kurdish MPs were formerly members of the Kurdish Peshmerga and therefore obeyed even "illogical" orders from their political leadership without question. The Kurds made two substantive changes to the draft budget, he explained. The first change mandates that the central government would fund the Peshmerga for 2007 and 2008, instead of 2008 only, which is what the first draft reflects. The second change concerns the payment of dues owed by the KRG to the federal treasury upon completion of an audit by the federal Board of Supreme Audit. The Kurds amended the language to reduce the number of years subject to audit from 2004-2007 to 2007 only.

[1](#)3. (C) Dr. al-Abadi claimed that the Kurds forced the CoR leadership into both reading the amended version of the budget 19 November as well as returning it to the Council of Ministers (CoM) for consideration upon discovery of the discrepancy by threatening a CoR boycott. He noted that the Economic Committee had been forging ahead with its own analysis of the budget and was in the midst of preparing its report. He added that he had not heard that any other major political blocs had significant problems with the draft budget. Al-Abadi was pessimistic that, given the current impasse, the budget could be passed prior to the end of the calendar year. Hajj flights would begin 2 December, he said, and because the GOI provides free trips for all CoR members so inclined, he expected quorum would be difficult to maintain.  
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